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To:

Cc:

Subject: Rounding Rules

Hello

Per our conversation here is some basic information for your benefit when you talk to the taxpayer.

Treasury Reg. § 301.6102-1(a) provides that “to the extent permitted by any internal revenue form or instructions prescribed for use with respect to any internal revenue return, declaration, statement, other document, or supporting schedules, any amount required to be reported on such form shall be entered at the nearest whole dollar amount.” The instructions to any form shall indicate the extent to which whole dollars shall be entered. See § 301.6102-1(a). Thus, the form instructions should indicate if rounding is appropriate.

Rounding to the nearest dollar amount shall be done in accordance with the following examples:

Exact Amount	Reported Amount
\$18.01 through \$18.49	\$18
\$18.50	\$19
\$18.51 through \$18.99	\$19

See § 301.6102-1(a).

Alternatively, I.R.C. § 6012(b) allows a taxpayer to elect to report dollar amounts without regard to the rounding rules in § 301.6102-1(a), instead reporting the exact dollar amounts. The taxpayer must make this election “at the time of filing the return, declaration, statement, or other document.” Treas. Reg. § 301.3102-1(b)(2). The election is irrevocable. Id.

Generally speaking, if a taxpayer has an amount that is \$0.49 or less and rounds down to zero, the zero figure may not negate the taxpayer’s reporting requirement. Depending upon the form, declaration, etc. there may be a requirement to file the form even if that amount on the form is zero.

If the taxpayer in this case is only concerned about \$ of interest income, rounding down to zero would give the taxpayer no interest income. Thus, there would be nothing to report on the Schedule B regarding that particular interest income and no need to file a Schedule B based upon that particular income item.

If you have any questions or need clarification please feel free to contact me at .

Have a good day,